

Procurement Monitoring Report Template
In view of the Member States' reporting process
under the Directives 2014/23/EU, 2014/24/EU and 2014/25/EU

Purpose and key features of the template

- This template aims at facilitating Member States' (MS) reporting in the context of Directives 2014/23/EU, 2014/24/EU and 2014/25/EU (the directives). The template sets out the scope of the reporting requirements and recommends MS a methodology to gather and systematise the collection of relevant information. Furthermore, it strives to propose a harmonised structure of the reports in order to allow easier comparison of the information provided by the MS.
- The questions in this template are non-binding specifications of the directives' legal obligations on monitoring reports. The template should be followed only as far as possible by the MS, especially as concerns the availability of quantitative information. When information is not available, this may be noted in the report, possibly together with an explanation of whether there are plans to start collecting such information and including it in the future edition of the report.
- MS' reports will be published on the European Commission website. The information will feed the new Report on the implementation and best practices of national procurement policies in the internal market to be issued by the European Commission. The information provided by the MS will support the policy analysis work of the Commission.
- The template covers all domains for which reporting requirements are defined under the directives.
- The template contains the following types of questions:
 - i) qualitative descriptions and assessments,
 - ii) supporting documents which provide the evidence for the descriptions and assessments made above,
 - iii) quantitative indicators.
- In the tables below, the left side contains the name of the information to be submitted, while the right side contains further specifications of what this means. The report should be submitted as a text (.doc) and PDF document based on this template.

- To avoid duplication of reporting obligations and reduce administrative burden, MS are invited to indicate any information/data requested in the template that has been already provided to the Commission via another channel (e.g. procurement irregularities falling within the scope of ESIF funds). When it is the case, please specify these channels, the context of the reporting and the nature of the information already provided.

Scope of reporting

The report should cover the period between 1st January 2018 and 31st December 2020. For quantitative data based on procurement notices, this means that the contract award notice should have been published in this period. For each reply to the questions in this template, please indicate if the reply concerns all directives or only specific ones. The Directive 2009/81/EC on defence and sensitive security procurement should be excluded from the reporting.

If the scope of your report is broader than that indicated in the directives (e.g. because of lower thresholds, broader definition of contracting authorities, contracting entities, or subsidised contracts), please indicate this here. In such a case, for every indicator, information about procurement according to the directives and any other information should be presented separately, so that the same information can be compared between the MS.

I. **Key quantitative indicators**

I.1. The number of procurement procedures	Information on the number of procurement notices and contracts is provided in the table below*:			
	<u>Year</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	No. of notices announcing call for competition above EU thresholds	2 726	2 889	3 027
	No. of notices announcing call for competition below EU thresholds**	892	1126	2917
	Total no. of notices announcing call for competition	3 618	4 015	5 944
	No. of contracts (lots) above EU thresholds	9 742	8 814	10 269
	No. of contracts (lots) below EU thresholds**	13 752	12 540	8 019
	Total no. of contracts	23 494	21 354	18 288
	*Data source: Public Procurement Authority			
	*The table above does not include public procurement procedures establishing framework agreements, but includes contracts awarded within framework agreements (framework contracts).			
	*The table above contains real, non-estimated data.			
	**Contracts above the national threshold, which is HUF 15 million for services and goods and HUF 25 million for works (50 million from 2020) in case of classical contracting authorities.			
	Information from the EKR on the number of contract award notices is provided in the table below*:			
	<u>Year</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	No. of contract award notices above EU thresholds	2 534	2 595	2 841
No. of contract award notices below EU thresholds**	7 827	7 242	4 590	
Total no. of contract award notices	10 361	9 837	7 431	

	<p>*Data source: Electronic Public Procurement System (EKR)</p> <p>*The data from 2018 includes records only from 15 April 2018, the introduction of compulsory electronic communication in public procurement in Hungary</p> <p>*The table above does not include public procurement procedures establishing framework agreements, but includes contracts awarded within framework agreements (framework contracts).</p> <p>*The table above contains real, non-estimated data.</p> <p>**Contracts above the national threshold, which is HUF 15 million for services and goods and HUF 25 million for works (50 million from 2020) in case of classical contracting authorities.</p>																
<p>I.2. The total value of procurement</p>	<p>Information on the value of procurement is provided in the table below*:</p> <table border="1" data-bbox="810 662 1823 831"> <thead> <tr> <th><u>Year</u></th> <th><u>2018</u></th> <th><u>2019</u></th> <th><u>2020</u></th> </tr> </thead> <tbody> <tr> <td>Value of contracts above EU thresholds (HUF bn)</td> <td>2 364,1</td> <td>2 602,7</td> <td>2 739,7</td> </tr> <tr> <td>Value of contracts below EU thresholds (HUF bn)**</td> <td>930,1</td> <td>827,3</td> <td>523,9</td> </tr> <tr> <td>Total value of contracts (HUF bn)</td> <td>3 294,2</td> <td>3 430</td> <td>3 263,6</td> </tr> </tbody> </table> <p>*Data source: Public Procurement Authority</p> <p>*The table above does not include public procurement procedures establishing framework agreements, but includes contracts awarded within framework agreements (framework contracts).</p> <p>*The table above contains real, non-estimated data.</p> <p>**Contracts above the national threshold, which is HUF 15 million for services and goods and HUF 25 million (50 million from 2020) for works in case of classical contracting authorities.</p>	<u>Year</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Value of contracts above EU thresholds (HUF bn)	2 364,1	2 602,7	2 739,7	Value of contracts below EU thresholds (HUF bn)**	930,1	827,3	523,9	Total value of contracts (HUF bn)	3 294,2	3 430	3 263,6
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II. Most frequent sources of wrong application or of legal uncertainty, including possible structural or recurring problems in the application of the rules

<p>II.1. Qualitative reporting on application of public procurement rules</p>	
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<p>Main sources of wrong application or of legal uncertainty</p>	<p>1. <u>Preparation of procedures:</u></p> <p>One of the main sources of problems in Hungarian public procurement practice is that often not enough attention is paid to the preparation and planning of procedures. Due to this, the procurement documents need to be modified frequently in order to ensure compliance with Act CXLIII of 2015 on Public Procurement (hereinafter: PPA) and/or make the procedure compatible with the exact needs of the contracting authority and also with the realities of the market. While smaller modifications are permitted to the procurement documents, substantial modifications are unlawful under the PPA.</p> <p>The lack of thorough preparation also causes problems for the modification of contracts. Contracts are often drafted without bearing in mind possible events leading to a delay in completion or other issues which may require a modification of the contract. The PPA, in line with the public procurement directives, contains strict conditions for amending the contract, which often cannot be met by the contracting parties, e.g. it cannot be proven that a diligent contracting authority could not foresee the event leading to the need for modification.</p> <p>2. <u>Lack of expertise on the subject matter of the contract</u></p> <p>The PPA obliges contracting authorities to involve persons with a professional knowledge related to the subject matter, public procurement, legal provisions and finance. However, often a person having in depth technical expertise related to the subject matter is still not involved in the preparation phase. Contracting authorities often expect public procurement advisors to provide them with the necessary expertise related to the subject matter, while the knowledge of advisers is usually limited to the public procurement rules and procedural aspects of tendering.</p> <p>3. <u>Interpretation and application of provisions worded in a general way</u></p> <p>The PPA as well as the directives contain a number of provisions which do not define in an exact way the obligations of contracting authorities in all possible situations. In fact, due to the diverse nature of procurements, it would be impossible to draft precise rules for every subject matter and all possible situations. Therefore, certain rules of the PPA need to be interpreted in line with the general principles of public procurement, in accordance with the facts of each individual procurement procedure. The case law of the ECJ also imposes on contracting authorities the requirement to assess all available information</p>
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	<p>before deciding on the refusal of tenders. Contracting authorities in Hungary often struggle to interpret these types of rules, which leads to legal challenges and uncertainty in legal practice. These provisions include, for example, the following:</p> <ul style="list-style-type: none"> - allowing the remedying of deficiencies in tenders - modification of contract notices or other documents - determining abnormally low tenders and the judgement of the tenderers' explanations.
<p>Specific legal provisions (from EU or national law) which appear to raise significant problems of application</p>	<p>1. <u>Assessment of tenders and related provisions</u></p> <p>According to s.69 PPA the contracting authority must assess tenders and requests to participate for compliance with the terms and conditions defined in the procurement documents and the relevant legislation. S.71 PPA permits tenderers the remedying of deficiencies under certain circumstances, while s.72 PPA obliges the contracting authority to seek an explanation with respect to tenders that appear abnormally low or seem to contain unreasonable commitments. The application of these rules requires a careful consideration of the facts of each case and an application of general principles such as equal treatment and non-discrimination. Many contracting authorities seem to have difficulties in applying these rules.</p> <p>2. <u>Artificial splitting of contracts</u></p> <p>S.19 PPA prohibits the subdivision of contracts with the effect of circumventing the thresholds applicable to public procurement. As a result of these rules, the value of certain procurements must be aggregated by the contracting authority. Many contracting authorities find it challenging to assess exactly which contracts need to be aggregated. The main reason for these difficulties is the lack of detailed rules on the prohibition of artificial splitting of contracts in the public procurement directives. Uncertainties remain despite the existence of guidance documents published by the Public Procurement Authority.</p> <p>3. <u>Modification of contracts</u></p> <p>The rules on modification of contracts are found in s.141 PPA. Contracting authorities struggle with applying some of the rules to precise situations, such as the concept of “circumstance which a diligent contracting authority could not foresee”, “changing the overall nature of the contract” or “non-</p>

	<p>substantial modification”. Contracting authorities are also uncertain in which situations the rule contained in Article 72 (1) b) of Directive 2014/24/EU can be applied. A guidance document on contract modification by the Public Procurement Authority is available to help contracting authorities.</p> <p>According to the PPA, as laid down in the public procurement directives, if there is no legal basis for a modification of contract, then a new tender needs to be launched, however that is often not a realistic option, e.g. once building works are already under way. A need for modification may also arise from inadequate preparation of procedures (see point 1 under the previous question).</p>								
<p>An assessment of patterns and behaviours that are not illegal or non-compliant, but still indicate possible problems</p>	<p style="text-align: center;"><u>Prolongation of procedures</u></p> <p>The challenges with the application of the public procurement rules by contracting authorities and the fulfilment of criteria set out in the contract notice and documents by tenderers often lead to lengthy public procurement procedures, which leads to unpredictability for tenderers and works against the participation of economic operators in public procurements. A recent amendment of the PPA limits the time required to maintain tenders to a maximum of 180 days, except when the tenderer submitting the most advantageous offer is willing to maintain its tender. Nevertheless difficulties for tenderers may arise even with shorter tender periods.</p>								
<p>II.2 Supporting documents</p>									
<p>Please provide any available evidence of the issues identified under section II.1.</p>	<p>The answers to section II.1. are based on the decisions of the Public Procurement Arbitration Board and the experiences of the Department of Public Procurement Control of the Prime Minister’s Office in the control of EU funded public procurements.</p> <p>In the tables below, statistics are shown on the most frequent infringements found before the Public Procurement Arbitration Board:</p> <table border="1" data-bbox="853 1129 2011 1350"> <thead> <tr> <th colspan="2" data-bbox="853 1129 2011 1166">Year 2020.</th> </tr> <tr> <th data-bbox="853 1166 1675 1203">Reasons of most frequent infringements:</th> <th data-bbox="1675 1166 2011 1203">Number of decisions:</th> </tr> </thead> <tbody> <tr> <td data-bbox="853 1203 1675 1278">1. Contracting authority unlawfully decided on the validity of the tender or request to participate:</td> <td data-bbox="1675 1203 2011 1278">72</td> </tr> <tr> <td data-bbox="853 1278 1675 1350">2. The contract was concluded without the conduct of a procurement procedure:</td> <td data-bbox="1675 1278 2011 1350">68</td> </tr> </tbody> </table>	Year 2020.		Reasons of most frequent infringements:	Number of decisions:	1. Contracting authority unlawfully decided on the validity of the tender or request to participate:	72	2. The contract was concluded without the conduct of a procurement procedure:	68
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4. Excessive selection criteria:	12
5. Unlawfulness of the procedure regarding the request of supplying missing information:	12
6. Unlawfulness of the technical specifications, or the documentation:	12

In relation to the above mentioned experiences inter alia the following guidance documents are available:

- The Prime Minister's Office's notice on the application of legal provisions on contract amendment in public procurement due to the state of danger caused by the coronavirus pandemic:
https://kozbeszerzes.hu/data/filer_public/3d/8d/3d8df18b-7dbe-4fd0-933a-f6902a739915/kozlemany_szerzmod_covid_20200429.pdf
- The Prime Minister's Office's guidelines on s.55(6) of the Public Procurement Act (amendment of contract notices and documents):
https://kozbeszerzes.hu/data/filer_public/29/88/298896c6-72e6-480d-b39a-204a27bc7f4a/kozlemany_a_kbt_55_6_bekezdes.pdf
- The Public Procurement Authority's guideline on artificial splitting of contracts and calculating the estimated value of procurements and set of practical examples:
<http://www.kozbeszerzes.hu/kozbeszerzes-z/magyar-jogi-hatter/kozbeszerzesi-hatosag-utmutatoi/kozbeszerzesek-tanacsanak-utmutatoja-becsult-ertek-szamitasa-reszekre-bontas-tilalma-es-beszerzesi-igenyek-mesterseges-egyesitese-targyaban>
- The Public Procurement Authority's guideline on amendment of public procurement contracts and contract performance:
<https://www.kozbeszerzes.hu/kozbeszerzes-z/magyar-jogi-hatter/kozbeszerzesi-hatosag-utmutatoi/kozbeszerzesi-hatosag-kereteben-mukodo-tanacs-utmutatoja-kozbeszerzesi-eljarasok-eredmenyekent-megkotott-szerzodesek-kbt-szerinti-modositasaval-valamint-teljesitesevel-kapcsolatos-egyes-kerdesekrol>

	<ul style="list-style-type: none"> • The Public Procurement Authority’s guideline on certificates, declarations, registers and data to be submitted by economic operators established in the European Union and the European Economic Area: https://www.kozbeszerzes.hu/kozbeszerzes-z/magyar-jogi-hatter/kozbeszerzesi-hatosag-utmutatoi/kozbeszerzesi-hatosag-utmutatoja-az-europai-unioban-es-az-europai-gazdasagi-tersegben-letelepedett-gazdasagi-szereplok-altal-benyujtando-igazolasokrol • The Public Procurement Authority’s guideline on the application of award criteria: https://www.kozbeszerzes.hu/kozbeszerzes-z/magyar-jogi-hatter/kozbeszerzesi-hatosag-utmutatoi/a-kozbeszerzesi-hatosag-utmutatoja-a-nyertes-ajanlattevo-kivalasztasara-szolgalo-ertekelesi-szempontrendszer-alkalmazasarol-szolo-utmutato-- • The Public Procurement Authority’s guideline on the rules of procurement of public works: https://www.kozbeszerzes.hu/kozbeszerzes-z/magyar-jogi-hatter/kozbeszerzesi-hatosag-utmutatoi/kozbeszerzesi-hatosag-kereteben-mukodo-tanacs-utmutatoja-az-epitesi-beruhazas-targyu-kozbeszerzesi-eljarasok-szabalyairol20191126 • The Public Procurement Authority’s guideline on the rules of setting selection criteria https://www.kozbeszerzes.hu/kozbeszerzes-z/magyar-jogi-hatter/kozbeszerzesi-hatosag-utmutatoi/kozbeszerzesi-hatosag-utmutatoja-az-alkalmassagi-feltetelek-eloirasaval-kapcsolatos-szabalyokrol-- • The Public Procurement Authority’s guideline on the possibility of remedying deficiencies in tenders https://www.kozbeszerzes.hu/kozbeszerzes-z/magyar-jogi-hatter/kozbeszerzesi-hatosag-utmutatoi/kozbeszerzesi-hatosag-kereteben-mukodo-tanacs-utmutatoja-hianypotlas-szabalyairol--
II.3. Quantitative indicators	
Indicators about the national review system	Data on review procedures is provided in the table below:

	2018	2019	2020
Number of decisions	427	570	560
upon a complaint	256	211	288
<i>ex officio</i>	171	359	272
Median length of the review	29 days	27 days	27 days
Number of review decisions challenged	89	71	86
<i>Number of review decisions appealed and their results</i>			
Number of decisions (primarily) upheld	81	52	27
Number of decisions (primarily) rejected	2	-	2
Number of decisions – other	6	4	-
Pending before the court	-	15	57

III. **Prevention, detection and adequate reporting of cases of procurement fraud, corruption, conflict of interests and other serious irregularities**

III.1. Qualitative reporting on fraud, corruption,	
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<p>conflict of interests etc.</p>	
<p>Describe the actions undertaken and/or mechanisms put in place to ensure compliance with the new provisions on the prevention, detection and adequate reporting of public procurement irregularities including fraud and corruption and conflicts of interests.</p>	<p>I. Legal Framework:</p> <p>The PPA includes a number of provisions on the prevention of corruption and increasing transparency. Some of these measures were further tightened with the amendments of the PPA in the reporting period and at the start of 2021. Relevant provisions of the PPA include the following:</p> <ul style="list-style-type: none"> - In case of public procurement procedures with the lowest value below EU threshold, the procedure without prior publication, where at least five economic operators must be called for tender, cannot be applied in case the procurement is at least partially funded from EU funds (s.115 PPA). - Contracting authorities must publish more information than under the previous PPA, for instance, the individual report about the criteria, process and result of the evaluation, information on concluded contracts (s.43 PPA). In the case of the failure of publishing data required by the PPA, the remedy procedure of the Public Procurement Arbitration Board can be initiated against the contracting authority. - The list of exclusion grounds includes several grounds related to the integrity of economic operators. For example economic operators who have been convicted of budgetary fraud, corruption, money laundering or other serious offences, intended to unduly influence the decision-making process of the contracting authority, committed competition law infringements (e.g. cartels) or is subject to a conflict of interest must be excluded from the procedure (s.62 PPA) - Transparency and compliance with the principles of the PPA in the stage of contract performance is supported by the measure that the Public Procurement Authority controls the performance and amendment of contracts and in case of any violation of law the Authority initiates the proceedings of the Public Procurement Arbitration Board. Information on the practice and results of this control may be found on the website of the Authority: http://www.kozbeszerzes.hu/cikkek/szerzodes-ellenorzes. In the case of non-public procurement infringements, the Public Procurement Authority may also apply to court or initiate a criminal procedure. - Strict rules apply to negotiated procedures without prior publication of a contract notice (ss.98-103 PPA): <ul style="list-style-type: none"> ➤ In each procedure, the Public Procurement Authority passes a reasoned decision concerning the legal grounds, which shall be published on the Authority's website: http://www.kozbeszerzes.hu/adatbazisok/tajekoztatok-hnt-dontesekrol. ➤ If the Authority is unable to determine that the legal ground exists beyond doubt, it shall initiate a remedy procedure before the Public Procurement Arbitration Board, proposing a fine.

	<ul style="list-style-type: none"> ➤ All documents of the procedures – including the data of the economic operators called for tender – shall be published on the internet, which makes procedures more transparent (information on what legal basis and in which subject the procedure was launched, and to which economic operator was the contract awarded). ➤ If the contracting authority fails to perform its publication duties it is instructed to provide the missing details. If the contracting authority still fails to publish the required documents, the President of the Public Procurement Authority initiates a remedy procedure before the Public Procurement Arbitration Board. <p>- According to Art. 36 (2) of the PPA if the contracting authority detects or has reason to suspect that the provisions of Act LVII of 1996 on the prohibition of unfair and restrictive market practices or the provisions of Article 101 TFEU have clearly been violated during the public procurement procedure (e. g. suspected cartel), it shall notify the Hungarian Competition Authority.</p> <p>- Introduction of electronic communication in public procurement is considered to be an effective tool to increase transparency and reduce the risk of fraud and irregularities. Its use has been compulsory since 15 April 2018.</p> <p>- The definition of conflict of interest set out in the Directives is supplemented in the PPA with some cases, where the risk of conflict of interest is the highest and it shall be examined carefully, for example</p> <ul style="list-style-type: none"> ➤ an economic operator shall be excluded from the public procurement if one of its owners, executive officers or members of its supervisory board or one of the relatives living in the same household with these persons was involved in the public procurement procedure – including preparatory stages [s.25 (3) PPA]. ➤ Prior to exclusion, the contracting authority shall grant the economic operator concerned the possibility, by way of remedy of deficiencies or request for further information, to show that his involvement in the preparation of the public procurement procedure does not violate the equality of opportunities or the fairness of competition, or the possibility to avert the conflict of interests by other means [s.25 (8) PPA]. ➤ Business entities owned by leaders of state and the heads of certain national agencies or authorities and their relatives living in the same household with them shall not participate as a tenderer in public procurement procedures [s.25 (4) PPA]. <p>On the basis of s.25 (5)-(6) of the PPA contracting authorities shall pay a special attention to the existence of conflict of interest and shall indicate to the affected person if such a situation comes up on its side:</p>
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- If the participation of a person or organization involved in the preparatory work of the procedure have the effect of creating a conflict of interest, the contracting authority – considering in particular the extra information gathered by it – shall notify such a person or organization of the conflict of interest [s.25 (5) of the PPA].
- Persons or organisations acting on behalf of the contracting authority or are involved in the procedural processes or in the preparatory works by the contracting authority shall declare in writing whether they are subject to a conflict of interest [s.25 (6) of the PPA].
- The practical implementation of the conflict of interest rules are also supported by the ex ante legal control of public procurements.

II. Public Procurement Control Mechanisms

A. Control of public procurements to be realised using EU funds

Government Decree No. 272/2014 on the procedure for using certain EU funds in the programming period 2014-2020

When EU funds are used for a project for which a public procurement procedure is conducted, a compulsory control mechanism automatically becomes applicable. Control is carried out mandatorily for the procurement of any type of contracting authority (central government, local government, utilities, economic operators receiving subsidies).

The **type of control is divided into two categories** (either in case of public contracts and the modification of the contracts), depending on the estimated value of the procurement in question.

(a) **Follow-up review or subsequent inspection (ex post control) for:**

- supply contracts, service contracts and service concessions below the EU thresholds,
- works contracts and works concessions below HUF 300 million.

(b) **Monitoring integrated in a process (ex ante control) for:**

- supply contracts, service contracts and service concessions reaching or exceeding the EU thresholds,
- works contracts and works concessions reaching or exceeding HUF 300 million.

The above mentioned control mechanisms fall under the responsibility of the following institutions:

1) the competent department of Managing Authorities

➤ control of eligibility, accountability and technical aspects, public procurement law aspects (for ex post only)

2) the Department of Public Procurement Control (DPPC) of the Prime Minister's Office

➤ control of public procurement law aspects

With regard to the content of guidance note No COCOF 09/0003/00-EN (indications of fraud), certain indicators were added to the document used by the DPPC named 'OBSERVATIONS ON THE PROCEDURE'. Inspection/verification of the items indicated in the relevant clauses must be carried out by the DPPC exclusively on the basis of documents provided to the DPPC by the contracting authority. The use of the updated template started on 1 July 2019. The Member State implemented the recommendations of the Commission services and submitted all the concerned templates, which were modified.

B. Other controls

In accordance with Ministerial Decree No. 44/2015 the Public Procurement Authority carries out the ex ante control of public procurement notices to be published in the Official Journal of the European Union (TED). The aim of the control is to check whether the notice is in compliance with the law and whether the content of the notice is coherent and deadlines are kept for publication.

The notice examination is a multiple-step checking system embedded in the public procurement procedure process. The control is a checking point aimed at

- contract notices and corrigenda;
- contract award notices;
- contract modification notices.

In addition, Under the PPA, the Public Procurement Authority controls the performance of contracts and in case of any infringement the Authority initiates a remedy procedure before the Public Procurement Arbitration Board, which can impose a fine.

III. Further mechanisms on the prevention, detection and reporting of irregularities, corruption and fraud

1. According to a cooperation agreement between the Prime Minister's Office and the Hungarian Competition Authority (HCA), data on the controlled public procurement procedures are handed over by the DPPC of the Prime Minister's Office to the Competition Authority by sending market signals in case of suspected cartels. Besides the case by case signals the cooperation and information provided by DPPC about the market also contribute to the work of the Competition Authority.

The above mentioned cooperation agreement with the HCA was supplemented/amended on 18.11.2019. The supplementation/modification of said agreement serves to ensure that the DPPC receives regular (quarterly) feedback from the Competition Authority on the current status ('outcome') of audits initiated on the basis of DPPC's notifications.

Further strengthening of the cooperation between the Prime Minister's Office and the HCA started in 2020 which resulted in a new cooperation agreement in 2021 with an extended scope.

2. Pursuant to Act CLXV of 2013 on Complaints and Notifications of Public Interest, everyone can submit a notification to authorities in any issue representing public interest on the basis of which authorities have to take the necessary measures falling within their competences.

3. According to s.152 of the PPA the following organisations and persons may initiate an ex officio procedure by the Public Procurement Arbitration Board, on the grounds they learned any act or omission violating rules of public procurement during the of performance of their tasks:

- a) the president of the Public Procurement Authority;
- b) the State Audit Office;
- c) a government audit body;
- d) a body responsible for supervising the legality of the operations of local governments;
- e) the Hungarian State Treasury;
- f) the Commissioner for Fundamental Rights;
- g) an organisation providing subsidy for the public procurement, and/or participating in the use of a subsidy under the law;
- h) a central purchasing body appointed by the Government;
- i) the Hungarian Competition Authority;
- j) a body auditing European Union subsidies;
- k) the minister responsible for the supervision of state assets;
- l) a prosecutor;
- m) the minister responsible for public procurement;
- n) the minister responsible for use of European Union subsidies.

	<p>IV. Soft-law and soft measures</p> <p>Under Article 183 (c) of the PPA, the Public Procurement Authority after consultation with the minister responsible for public procurement – in collaboration with the national economic chambers and other trade organisations–, prepares guidelines to facilitate the application of the regulations applicable to public procurements based on the experience gained from the decisions of review procedures, the control of public procurements, covering practical information on public procurements. As basic task the Public Procurement Authority prepares the guidelines in the mandatory topics defined by the PPA. Guidelines are published on the website of the Authority and in the Public Procurement Bulletin. The guidelines are available from the following link: https://www.kozbeszerzes.hu/kozbeszerzes-z/magyar-jogi-hatter/kozbeszerzesi-hatosag-utmutatoi/</p> <p>The Prime Minister’s Office has also published a number of guidance documents on different aspects of public procurement, which are available from the following link: https://www.kozbeszerzes.hu/cikkek/miniszterelnoksegi-utmutatok</p> <p>In addition to the above, the Public Procurement Authority regularly organises conferences with an anti-corruption theme to raise awareness of this issue. In 2018, a conference on issues around public procurement contracts was organised, in 2019, a conference took place on public procurement controls, and in 2020, the transparency of public procurement was on the agenda on three conferences including the international conference. In the frame of the fight against corruption, the Public Procurement Authority joined an anti-corruption cooperation between several Hungarian state authorities.</p>
<p>III.2. Supporting documents</p>	
<p>Please provide any available evidence on the actions/mechanisms and measures described under section III.1. above</p>	<p>Latest data on cartel cases investigated by the Hungarian Competition Authority (HCA) are available on the website of HCA: https://www.gvh.hu/gvh/orszaggyulesi_beszamolok/2321_hu_orszaggyulesi_beszamolok https://www.gvh.hu/gvh/gyorsjelentesekek/gyorsjelentesekek</p> <p>Latest data on tasks carried out by the Public Procurement Authority are available on the website of the Authority (English-Hungarian bilingual): https://kozbeszerzes.hu/cikkek/eves-beszamolok https://kozbeszerzes.hu/data/filer_public/a2/71/a27127bf-e7b9-401a-a5ab-e2d721d2888e/gyorsjelentes_2020_eves_publicalásra.pdf</p>

<p>demonstrating compliance with the new provisions on the prevention, detection and adequate reporting of public procurement irregularities and conflicts of interests.</p>	<p>The guidelines published on 21.06.2019. by the Prime Minister’s Office on control practices in relation to the avoidance of certain situations that may affect the fairness of competition in public procurement and in the context of monitoring the commitments made in connection with the assessment criteria (‘disadvantaged employees’ and environmental perspective) are available on https://www.palyazat.gov.hu/kozbeszerzesi_felhiv%C3%A1s_dokumentaciomintak</p>
<p>III.3. Quantitative indicators</p>	<p><i>This section contains examples of quantitative indicators related to section III.1. Other indicators can also be included in the report.</i></p>
<p>Quantitative assessment of collusion risks</p>	<p>In Hungary the Competition Authority (hereinafter: HCA) is responsible for the competition supervision in order to ensure fairness and freedom of competition.</p> <p>The HCA puts a great emphasis on the revealing of public procurement cartels and on the actions against anticompetitive behaviours. The HCA has several tool with which public procurement cartels can be discovered efficiently for example:</p> <ul style="list-style-type: none"> - complaint and report: the HCA receives numerous signals regarding public procurement cartels - Cartel Chat: the Cartel Chat is an anonymous communication form freely accessible on the website of the HCA where anybody can share information directly with the HCA. - leniency policy and cartel informant reward - methodology about the promotion of the identification of signals concerning public procurement cartels: on the basis of the methodology the HCA also creates publications and learning materials for contracting authorities and economic operators, available under the following links: <ul style="list-style-type: none"> - https://www.gvh.hu/pfile/file?path=/gvh/versenykultura_fejlesztés/kiadványok/tájékoztató_füzetek/KARTELL_ajánlatk_erokek_2017_05_24&inline=true

- https://www.gvh.hu/pfile/file?path=/gvh/versenykultura_fejlesztés/kiadványok/tananyagok/GVH_VKK_kiadványok_okt_atasi_anyag_kozbesz_kartell_2017&inline=true

Statistics about cartel suspicious cases and the competition supervision procedure of the HCA are provided in the table below:

	Signals given to the HCA on suspicion of public procurement cartels	Competition supervision procedures launched by the HCA on public procurement cartels
2018	30	2
2019	25	1
2020	25	4

Risk of undiscovered conflict of interest

1. The ownership structure of economic operators shall be examined in every public procurement procedure, because having a concealed ownership structure constitutes a compulsory exclusion ground under the Hungarian PPA [s.62(1), point kb)-kc)]. According to s.62 (1) point kb)-kc), “Any economic operator shall be excluded from participation in a public procurement procedure as a tenderer, candidate , subcontractor, or on whose capacity the economic operator intends to rely regarding which any of the following conditions exist:
 - kb) it is a company that is unable to identify its beneficial owner within the meaning of s.38 (3) a) to b) or d) of Act LIII of 2017 on the prevention and combating of money laundering and terrorist financing, or
 - kc) the condition specified in sub-point kb) is met by any legal person or organisation having legal capacity under its personal law that owns or holds, directly or indirectly, over 25% of the shares or votes in the economic operator;”
2. Furthermore, it should be pointed out that the ARACHNE system, a risk scoring, data mining and data enrichment tool is used by managing authorities in the management of operating programs. ARACHNE’s objective is to support managing authorities in their administrative controls and management checks in the area of ESI funds by establishing a comprehensive database of projects implemented under the ESI funds and provided by the managing authorities and enriching data with publicly available information in

	order to identify - based on a set of risk indicators - projects, beneficiaries, contracts and contractors which might be susceptible to risks of fraud, conflict of interest and irregularities.
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IV. Level of SMEs' participation in public procurement

SMEs are defined in the Commission Recommendation (2003/361/EC) as having less than 250 persons employed and an annual turnover of up to EUR 50 million or a balance sheet total of no more than EUR 43 million. Further information is available at http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en.

IV.1. Qualitative reporting on SME participation	
New developments	<p>In the period between 2018-2021 the following legislative changes have become applicable in Hungary:</p> <ul style="list-style-type: none"> • As from 15 April 2018 the use of the Electronic Procurement System (EKR) became mandatory. In the EKR, which is a centralised unified system, the submission of tenders became simpler and more easily understandable for all economic operators, especially SMEs. The system does not require the use of an electronic signature and tendering is helped by the use of pre-defined forms. • Certificates submitted by economic operators registered in the EKR do not need to be re-submitted later on, as long as it is not needed by a change in circumstances concerning exclusion or selection criteria. • For contracts below the EU thresholds (national regime) the general rule became the obligation to use a contract notice for the conduct of procedures – as the rules permitting the launching of procedures with a summary information notice was repealed - , which provides a longer deadline for tender submission, helping also the participation of SMEs. • As a general rule, in the national regime the use of selection criteria is no longer compulsory (as for more simple procurements a mandatory use of selection criteria may constitute an unnecessary burden in some cases for those participating in the procedure). • The financial guarantee can be subject to the remedying of deficiencies in certain cases. • Legal limits to the prolongation of procedures make tendering more predictable.

	<ul style="list-style-type: none"> • Mandatory declarations from tenderers on performance guarantees have been abolished. • The winning tenderer must only confirm in the contract that it will not use subcontractors that are subject to an exclusion criterion, instead of having to submit such a declaration every time a subcontractor is contracted. • Preliminary market consultations (that may prevent the setting of potential discriminatory criteria in procedures) may be conducted in the EKR also from 1 July 2021. • More automatic functions have been introduced in the EKR in order to reduce administrative burdens. • For the procurement of works below HUF 300 million funded from EU funds, the procedure without prior publication in the national regime cannot be applied. • There has been an increase in the amount of advance payment, which must be made available without requiring a security by contracting authorities to contractors of works with a completion period exceeding two months. Therefore, the 5% advance payment is available to firms for a contract value of up to HUF 5 billion, instead of HUF 1.7 billion. Importantly, the law does not prohibit even higher advance payments, which is in fact a requirement for example for procurements funded through subsidies. In addition, legislation helps the continuous financing of firms through the possibility of issuing partial invoices by contractors depending on the level of completion of the works. The amended rules mainly aim to put SMEs on an equal footing with larger companies. 						
IV.2. Quantitative indicators							
Please provide, when available, any quantitative data (statistics, etc.) regarding SMEs' participation in public procurement	<p>Information available from the EKR on SME participation is provided in the table below:*</p> <table border="1" data-bbox="815 1163 2033 1327"> <thead> <tr> <th data-bbox="815 1163 1301 1327">Year / Regime</th> <th data-bbox="1301 1163 1648 1327">No. of lots won by SMEs</th> <th data-bbox="1648 1163 2033 1327">SMEs' share of no. of lots (%)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Year / Regime	No. of lots won by SMEs	SMEs' share of no. of lots (%)			
Year / Regime	No. of lots won by SMEs	SMEs' share of no. of lots (%)					

2018	Below EU thresholds**	1 934	44%
	Above EU thresholds	3 194	66%
	<i>Total</i>	<i>5 128</i>	-
2019	Below EU thresholds**	7 269	64%
	Above EU thresholds	4 430	60%
	<i>Total</i>	<i>11 699</i>	-
2020	Below EU thresholds**	6 371	87%
	Above EU thresholds	5 290	75%
	Total	11 661	-

*Data source: TED (above EU thresholds 2018 and 2019), EKR (below EU thresholds, above EU thresholds 2020). The values in the table were calculated using the same methodology regardless of the data sources.

*The below EU thresholds data from 2018 includes records only from 15 April 2018, the introduction of compulsory electronic communication in public procurement in Hungary

*The table above does not include public procurement procedures establishing framework agreements, but includes contracts awarded within framework agreements (framework contracts).

*The above table shows the number and percentage of lots where the winning economic operator was an SME or in case of joint tenderers the lead tenderer was an SME compared to all awarded lots.

*The table above contains real, non-estimated data.

**Contracts above the national threshold, which is HUF 15 million for services and goods and HUF 25 million for works (50 million from 2020) in case of classical contracting authorities.

V. **Information on the practical implementation of national strategic procurement**

<p>V.1 Green procurement ('GPP')</p>	<p>Green Public Procurement ('GPP') is defined as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured."¹ A voluntary target of 50 % GPP per Member State in number and value of relevant procedures was proposed by the Commission and welcomed by the Council in 2008.</p>
<p>V.1.1 Qualitative reporting Key challenges encountered</p>	<p><u>I. Key challenges in using of green public procurement</u></p> <p>The low application of GPP aspects by the domestic contracting authorities and entities in their public procurement procedures is still a major challenge.</p> <p>The reasons behind this are mainly due to the lack of experience and necessary specific knowledge from the side of the contracting authorities' procurement staff and also the general risk-averting mentality of the contracting authorities in their public procurement procedures.</p> <p>This reluctance regarding the use of GPP aspects by the contracting authorities is more tangible in the case of EU-funded projects as the contracting authorities are threatened by corrections should there be any infringement in the public procurement, thus they tend to keep their procurement procedure simple and compliant. The previous audit findings of the European Commission regarding the green and environmental aspects – especially concerning environmental award criteria – also led contracting authorities to consider such aspects as a risk from the project perspective.</p> <p>In addition, among the contracting authorities still persists the misconception that the application of GPP aspects is complicated and the use of them contributes to lengthy procedures.</p> <p><u>II. Measures taken to overcome the key challenges identified</u></p> <p>II.1. The Prime Minister's Office – as responsible for the Government's public procurement policy - issued guidelines and notices relating to the use of GPP aspects in public procurement procedures.</p>

¹ Commission Communication (COM (2008) 400) "Public procurement for a better environment".

	<p>II. 2. To promote environmental objectives in public procurement procedures the Hungarian Government set out the aim to create a national green public procurement strategy (in 2021, the strategy is still in preparation).</p> <p>II. 3. In compliance with the PPA, one of the main tasks of the Public Procurement Authority is to stimulate the application of green, social and innovation procurement and to raise awareness by familiarizing stakeholders with the relevant national and EU regulations and the available best practices. The Authority strives to raise the awareness of institutions subject to the public procurement rules mainly through the dissemination of information: it regularly makes available new publications and guidance on green public procurement and organises conferences.</p> <p>In 2018, one conference took place on innovative and one on green procurement, in 2019, experiences were shared at the two-day international conference of the Authority, while in 2020, interested persons could again hear about good practices in public procurement at another international conference. The Authority even has a dedicated website on sustainability, where it collects the most recent national publications and best practices on the topic. The most important information is also shared through the mobile application of the Authority.</p> <p>The Authority also issued a guide on life-cycle costing. In 2018, the authority gave out awards on the greenest public procurements as part of the Year of Sustainable Procurement. In 2019, the Authority awarded the Public Procurement Prize for innovative procurement and in 2020, it made a call for proposals for the Prize on sustainable procurement.</p>
<p>V.1.2. Supporting documents</p> <p>Please report any available evidence or supporting document for point V.1, illustrating the measures, achievements or challenges faced, relating to the use of green public procurement.</p>	<p>Legal background:</p> <p>The PPA states that as a primary rule, contracting authorities shall – where applicable, using social, environmental, or other aspects – choose the most economically advantageous tender, by using a cost-effectiveness approach, or best price-quality ratio as contract award criteria instead of the lowest price (ss.76-78 of the PPA).</p> <p>Besides the requirement of the best price-quality ratio the PPA and its implementing decrees contains further rules and provisions connected to the application of green, social and quality aspects of public procurement, which includes the following:</p> <ul style="list-style-type: none"> • Rules on the preparation of procedures – s.28(1) PPA • Labels and certificates – s.59(1) PPA • Exclusion criteria – s.63(1)(a) PPA

- Invalidity of tenders – s.73(4) PPA
- Special contract performance conditions – s.132(1) PPA
- Definition of life-cycle – s.3, point 7. PPA
- Special rules for works contracts – s.24 of Gov. Decree 322/2015
- Possibility to require environmental criteria in the technical specifications – s.48(2) Gov. Decree 321/2015

Other legal instruments and policy documents:

- 1) The energy efficient procurements of public bodies are covered by s.10 of the Energy Efficiency Act. The Energy Efficiency Act states that if the estimated value of a procurement of a public body exceeds EU public procurement thresholds, only highly energy efficient services, products and works shall be purchased.
 - 2) Government Resolution 1849/2014. (30 December) on Energy Efficiency provides similarly to the Energy Efficiency Act, that governmental authorities shall purchase energy efficient services, products and works. Annex I. of the Government Resolution enumerates the relevant energy efficiency requirements, which shall be taken into consideration during the procedures, and which further support the promotion of green public procurement. These requirements are supplemented by the guideline of the Ministry of National Development on energy effective procurements, which is available under the following link:
<https://njt.hu/jogszabaly/2014-1849-30-22>
 - 3) Government Decree 48/2011. (30 March) on the Promotion of Environmentally Friendly and Energy Efficient Vehicles stipulates, that contracting authorities and public service providers shall purchase environmentally friendly and energy effective vehicles. The Government Decree is available under the following link:
<https://njt.hu/jogszabaly/2011-48-20-22>
- Government Resolution 1027/2021. (5 February) on the Necessary measures for the improvement of public procurement procedures efficiency stipulates that to promote taking into account environmental objectives in the public procurement procedures the minister responsible for public procurement (the Minister of the Prime Minister's Office) must create Hungary's green public procurement strategy. The strategy is currently in preparation stage. The Government Resolution is available under the following link:
<https://njt.hu/jogszabaly/2021-1027-30-22.0>

	<p>4) The Prime Minister’s Office is responsible for the Government’s public procurement policy and also exercises oversight functions, conducting internal regulatory control of public procurement procedures implemented from EU funds and monitoring compliance with the public procurement regulatory framework and also provides support and guidance to contracting authorities.</p> <p>The Prime Minister’s Office issued a guideline regarding the proper use of environmental and social awarding criteria in public procurement procedures relating to projects funded by EU: https://www.palyazat.gov.hu/tmutat-762c</p> <p>The Prime Minister’s Office also issued guidance on the basis of EU audit experience regarding the use of strategic award criteria: https://www.palyazat.gov.hu/kozbeszerzesi_felhiv%C3%A1s_dokumentaciointak#</p> <p>5) The website of the Public Procurement Authority on sustainability: https://fenntarthato.kozbeszerzes.hu/</p> <p>6) Information on conferences: https://kozbeszerzes.hu/cikkek/konferenciak</p> <p>7) Annual reports of the Public Procurement Authority (also in English): https://kozbeszerzes.hu/cikkek/annual-reports</p>								
<p>V.1.3. Quantitative indicators</p>	<p><i>This section contains examples of quantitative indicators related to section V.1. Other indicators can also be included in the report.</i></p>								
<p>Please provide, when available, any quantitative data (statistics, etc.) illustrating the achievements and challenges identified under section V.1.1 above. To the extent possible, these indicators should be further grouped by type of legal problem.</p>	<p>Information available from the EKR on green criteria is presented in the table below*:</p> <table border="1" data-bbox="689 1193 1899 1347"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Percentage of public procurement procedures incorporating green or circular criteria out of the whole volume of procurement below** and above EU thresholds</td> <td>10,33%</td> <td>7,40%</td> <td>5,09%</td> </tr> </tbody> </table>		2018	2019	2020	Percentage of public procurement procedures incorporating green or circular criteria out of the whole volume of procurement below** and above EU thresholds	10,33%	7,40%	5,09%
	2018	2019	2020						
Percentage of public procurement procedures incorporating green or circular criteria out of the whole volume of procurement below** and above EU thresholds	10,33%	7,40%	5,09%						

	<p>Percentage of public procurement procedures incorporating green or circular criteria out of the whole volume of procurement below EU thresholds**</p>	12,23%	11,24%	9,95%	
<p>*Data source: EKR * The data is based on the percentage of lots. *The data from 2018 includes records only from 15 April 2018, the introduction of compulsory electronic communication in public procurement in Hungary *The table above contains real, non-estimated data. *The table above does not include public procurement procedures establishing framework agreements, but includes contracts awarded within framework agreements (framework contracts). **Contracts above the national threshold, which is HUF 15 million for services and goods and HUF 25 million for works (50 million from 2020) in case of classical contracting authorities.</p> <p>The data on green procurement shows decrease on the use of green public procurement criteria for procedures below EU thresholds. It should be mentioned that there are no data available on green public procurement for procedures above the EU thresholds, since currently there is no field in the contract award notice for contracting authorities to indicate the use of environmental considerations. Therefore data is only available for procedures below EU thresholds.</p>					
<p>V.2 Socially responsible public procurement ('SRPP')</p>	<p>Socially Responsible Public Procurement ('SRPP') is defined as procurement that takes into account one or several social considerations for advancing social objectives. SRPP covers a wide spectrum of social considerations, such as for example employment opportunities, decent work conditions, compliance with social and labour rights, social inclusion, equal opportunities and accessibility.</p>				
<p>V.2.1 Qualitative reporting</p>					
<p>Key challenges encountered</p>	<p>I. Key challenges encountered in promoting socially responsible public procurement</p> <p>General obstacles to SRPP are the lack of knowledge and the risk-averting mentality of contracting authorities.</p> <p>As mentioned at point V.1.1. the audit findings of the European Commission about the appropriate use of SRPP aspects as award criteria or special conditions for the contract performance in public procurements of EU-funded projects took a strict approach.</p> <p>The involvement of disadvantaged workers was often used as an award criterion by contracting authorities. In such a case, the tenderers' commitments to involve a certain number of disadvantaged workers necessarily relate</p>				

	<p>to the contract performance stage. However, as audits found that such commitments have to be strictly verified by tenderers already in their tenders and checked by the contracting authorities in the course of tender-evaluation, the current control practice of the Prime Minister’s Office requests from contracting authorities to require from tenderers that the disadvantaged people, their future role in contract performance and even supporting documents on their disadvantaged state be presented in the tender. This does not serve the goals of the SRPP and also raises issues about the rights relating to the privacy and the processing of personal data in the relation of employer and employee.</p> <p>It might be seen as a further obstacle that the legislation only contains “soft rules” concerning social aspects of procurement, rather than enforceable obligations. While the publication of guidance helps the application of the rules, their existence does not substantially influence the use of these provisions. In this area more publicity would be needed – for example through conferences – in order to provoke a change in the attitude of those applying the legal provisions.</p> <p>II. Measures taken to overcome them</p> <p>II.1. The Prime Minister’s Office – as responsible for the Government’s public procurement policy – issued guidelines relating to the appropriate use of SRPP aspects in the public procurement procedures as awarding criteria and special condition for the contract performance.</p> <p>II.2. On the basis of Art. 187 (2) of the PPA the Public Procurement Authority keeps and publishes a list of sheltered places of employment in order to enhance the use of socially responsible public procurements (http://www.kozbeszerzes.hu/cikkek/vedett-munkahelyek).</p>
<p>V.2.2. Supporting documents</p>	
<p>Please report any available evidence or supporting document for point V.2.1 illustrating the measures, achievements or challenges faced, relating to the promotion of SRPP.</p>	<p>I. The PPA contains some basic rules connected to SRPP. Since the last monitoring report no further provision or regulation was adopted. PPA rules on SRPP include the following:</p> <ul style="list-style-type: none"> • Definitions of “provider of educational development” and “sheltered workshop” – s.3. points 38 and 41 PPA • Light regime – s.21(2) PPA • Rules on the preparation of procedures – s.28(1) PPA • Reserved contracts – ss.33-34 PPA

	<ul style="list-style-type: none"> • Labels and certificates – s.59(1) PPA • Exclusion criteria – s.63(1)(a) PPA • Awarding the contract – s.76(1)-(3) PPA • Special contract performance conditions – s.132(1), (3) PPA • Keeping records on the list of sheltered workshops – s.187(2)(u) PPA • Rules on taking into account accessibility when drafting technical specifications s.47(2) of Gov. Decree 321/2015 <p>II. The Prime Minister’s Office is responsible for the Government’s public procurement policy and also exercises oversight functions, conducting internal regulatory control of public procurement procedures implemented from EU funds and monitoring compliance with the public procurement regulatory framework and also provides support and guidance to contracting authorities.</p> <p>The Prime Minister’s Office issued a guideline regarding the proper use of environmental and social awarding criteria’s in public procurement procedures relating to projects funded by EU: https://www.palyazat.gov.hu/tmutat-762c</p> <p>The Prime Minister’s Office also issued guidance on the basis of EU audit experience regarding the use of strategic award criteria: https://www.palyazat.gov.hu/kozbeszerzesi_felhiv%C3%A1s_dokumentaciointak#</p>												
V.2.3. Quantitative indicators													
Please provide, when available, any quantitative data (statistics, etc.) illustrating the achievements and challenges identified under section V.2.1 above.	<p>Information available from the EKR on social criteria is provided in the table below*:</p> <table border="1" data-bbox="689 1098 2036 1362"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Number of public procurement procedures incorporating socially responsible award criteria (pcs)</td> <td>164</td> <td>426</td> <td>137</td> </tr> <tr> <td>Number of public procurement procedures reserved to sheltered workshops and economic operators (pcs)</td> <td>6</td> <td>10</td> <td>6</td> </tr> </tbody> </table>		2018	2019	2020	Number of public procurement procedures incorporating socially responsible award criteria (pcs)	164	426	137	Number of public procurement procedures reserved to sheltered workshops and economic operators (pcs)	6	10	6
	2018	2019	2020										
Number of public procurement procedures incorporating socially responsible award criteria (pcs)	164	426	137										
Number of public procurement procedures reserved to sheltered workshops and economic operators (pcs)	6	10	6										

	<p>Number of public procurement procedures incorporating socially responsible contract performance clauses (pcs)</p> <p>43 91 28</p> <p>*Data source: EKR *The data is based on the number of lots. *The table above does not include public procurement procedures establishing framework agreements, but includes contracts awarded within framework agreements (framework contracts). * The table above contains real, non-estimated data. *The data from 2018 includes records only from 15 April 2018, the introduction of compulsory electronic communication in public procurement in Hungary *Please take in consideration that in the table above a lot may contain more than one social criterion.</p>
V.3 Public procurement of innovation	<p>An innovative solution is defined in 2014/24/EU Art.2 (1.22) as "a new or significantly improved product, service or process". This includes not only those solutions resulting from R&D but also those solutions resulting from activities, "including but not limited to production, building or construction processes, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations." Please report both dimensions of innovation procurement: procurement of R&D and procurement of innovative solutions.</p>
V.3.1 Qualitative reporting	
Key challenges encountered	<p>.</p> <p>For the challenges, please see the answers given in the context of green and social procurement.</p> <p>In 2018, the Public Procurement Authority published a guide on the issues around the use of innovation partnerships. In the same year the Authority organised a conference that focused especially on innovative public procurements. The Authority put innovation in the centre of its attention in its activities related to sustainability in 2019 and 2020, with the aim of raising awareness on the possibilities of innovation procurement. In this context, at the international conference organised by the Authority in 2019, a wide professional audience received information the most successful examples of innovative public procurement, directly from experts involved in their implementation. The Public Procurement Prize published by the Authority in 2019 awaited applications of procurement experts related to innovative public procurement.</p>
V.3.2. Supporting documents	

<p>Please report any available evidence or supporting document illustrating the measures, achievements or challenges faced, relating to the promotion and implementation of innovation procurement.</p>	<ul style="list-style-type: none"> • . <p>Unfortunately, there is no data available with respect to innovative public procurement. The use of criteria related to innovation is possible under the PPA and its implementing decrees in a similar manner as with environmental and social criteria. The relevant provisions on innovative procurement include the following:</p> <ul style="list-style-type: none"> • The definition of “innovation” – s.3, point 12 PPA • Rules on award criteria for works contracts – s. 24 of Gov. Decree 322/2015
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VI. Information on monitoring and reporting bodies

This section should include a list of the body/bodies performing the public procurement monitoring activities required by the public procurement directives and the entities in charge with the drafting of the report to be provided to the European Commission on the results of the monitoring activities (e.g. review bodies, anti-corruption bodies).

In Hungary the Prime Minister’s Office, as the ministry dealing with public procurement policy, is responsible for drafting the monitoring report to be provided to the European Commission. Part of the information included in the present report has been received from the Public Procurement Authority and the Hungarian Competition Authority.

VII. Replicability

This section should provide information allowing anyone to fully replicate the quantitative results presented in the report. The data and methodologies used to compute quantitative indicators should be clearly indicated in the report or by providing the relevant documents, (this is valid for all quantitative indicators of this template).

<p>Links to datasets used to prepare the report</p>	<p>The Commission recommends publishing the source data as open data, e.g. as is the case for the Tenders Electronic Daily database at http://data.europa.eu/euodp/cs/data/dataset/ted-csv.</p>
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	Data on public procurement procedures is available from the Electronic Public Procurement System (EKR): https://ekr.gov.hu/
Files used to obtain the results from the datasets	
Other complementary data	